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TO RUEHC/SECSTATE WASHDC 2930  
INFO RUEHHH/OPEC COLLECTIVE  
RUEHAC/AMEMBASSY ASUNCION 0987  
RUEHBJ/AMEMBASSY BEIJING 0393  
RUEHBO/AMEMBASSY BOGOTA 7976  
RUEHBR/AMEMBASSY BRASILIA 6128  
RUEHLP/AMEMBASSY LA PAZ 2878  
RUEHPE/AMEMBASSY LIMA 1161  
RUEHSP/AMEMBASSY PORT OF SPAIN 3692  
RUEHQT/AMEMBASSY QUITO 2975  
RUEHSG/AMEMBASSY SANTIAGO 4105  
RUEHDG/AMEMBASSY SANTO DOMINGO 0633  
RUEHKO/AMEMBASSY TOKYO 0154  
RHEHNSC/NSC WASHDC  
RHEHAAA/WHITEHOUSE WASHDC  
RHEBAAA/DEPT OF ENERGY  
RUCPDOG/DEPT OF COMMERCE  
RUEATRS/DEPT OF TREASURY  
RUMIAAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 000495

SIPDIS

ENERGY FOR CDAY AND ALOCKWOOD, DOE/EIA FOR MCLINE  
HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR RJARPE  
COMMERCE FOR 4431/MAC/WH/JLAO  
NSC FOR RKING

E.O. 12958: DECL: 04/17/2019  
TAGS: [EPET](#) [EINV](#) [ENRG](#) [ECON](#) [VE](#)  
SUBJECT: CHAVEZ IN TOKYO: MUCH ADO ABOUT NOTHING

Classified By: Economic Counselor Darnall Steuart, for reasons  
1.4 (b) and (d).

11. (C) SUMMARY: President Chavez's April 5-7 visit to Tokyo followed the Bolivarian model - heavy on theater and light on substance. Shifting from the negative rhetoric against the U.S. displayed on previous stops in Iran and Qatar, Chavez hit more positive notes in Japan. While media reports indicate Japan and Venezuela concluded twelve accords, in reality MOUs were signed in five areas with multiple partners signing separate documents to increase the total to twelve. Japanese Ambassador Shimokoji characterized the visit as lacking in commitments even though the Venezuelans offered much. With three weeks to plan the visit, negotiators agreed to add six accords to the agenda (at the behest of the Venezuelan advance team) in the three days immediately preceding Chavez's arrival in Tokyo. END SUMMARY.

12. (C) Political Counselor (PolCon) and Petroleum AttachQ (PetAtt) met with Japanese Ambassador Shimokoji and with Japanese DCM Takashi separately on April 15 to discuss the recent trip. PetAtt met with Mitsubishi Venezuela representatives separately the same day. Japanese Ambassador Shimokoji characterized the visit as lacking in commitments even though the Venezuelans offered much. According to the Mitsubishi representatives, their company was involved in four of the twelve accords, three of which had been under discussion prior to the announcement of the visit. According to DCM Takashi, on March 10, 2009 Venezuelan MFA Chief of Staff Temir Porras requested a meeting as early as April 5 on behalf of President Chavez with Japanese Prime Minister Aso. With less than a month to prepare the visit, the Japanese agreed. Venezuelan Minister for Energy and Mines, Rafael Ramirez, visited Japan on March 19 to prepare the President's trip.

13. (C) Overshadowed by North Korea's launch of a rocket over Japan on April 5, President Chavez reportedly maintained a

focus on promoting business. In regards to the rocket launch, media reports indicate Chavez said, "With a lack of information and even with contradictory information...I prefer to have a large measure of prudence, as the Russian government has said, a lot of prudence and evaluation to avoid the winds of war." DCM Takashi said that Chavez supported Russian position and that Japan looked at the situation calmly (referring to Chavez's statement). Media reports indicated Japan and Venezuela signed twelve accords. According to the Japanese embassy and Mitsubishi Venezuela representatives, the following accords were signed:

1-3: PDVSA with Japan's Inpex Corp, Mitsubishi Corp, and Japan Oil, Gas and Metals National Corp. agreed to a study to determine the amount of the reserves in the Junin 11 Block in Venezuela's Faja. According to Ambassador Shimokoji, the Venezuelans told the GOJ that if the block (specifically delineated for the Japanese) does not contain any crude reserves, "not to worry, we'll give you another block." Takashi showed EmbOffs a map of the Faja with Junin 11 delineated. It lies adjacent to the south of Junin blocks two and four and adjacent to the west of Junin 7.

4-7: PDVSA with Mitsubishi, Mitsui, Itochu, and Marubeni signed MOUs for the development of offshore natural gas fields in the Mariscal Sucre region. Both Japanese embassy officials and Mitsubishi representatives confirmed that Qatar Petroleum (QP) still has not signed the interim agreement for the Delta Caribe Eastern LNG project. Mitsubishi's Venezuela Projects Director, Yasuyuki Ozaki

CARACAS 00000495 002 OF 003

(strictly protect throughout), said QP is unsatisfied with the agreement that contains Venezuelan arbitration. He contrasted QP's position with that of Mitsubishi. The Japanese firm agreed to Venezuelan arbitration in these MOUs, as the Japanese believe they are simply framework documents that provide a structure to move towards definitive business deals. Ozaki was adamant that any final deal would include international arbitration and New York law, saying that these are Mitsubishi's red lines.

8-10: PDVSA with Japan Bank for International Cooperation (JBIC) signed an MOU to explore the financing possibilities for JBIC to lend PDVSA \$1.5 billion for expansion of Venezuela's El Palito and Puerto La Cruz refineries. Mitsubishi and Itochu also signed MOUs pledging \$750 million each for the refineries. DCM Takashi indicated that these deals should be concluded by the end of June 2009. Mitsubishi's Ozaki differed, believing Mitsubishi's investment would not be finalized before September.

11: PDVSA with Marubeni signed an MOU to study jointly financing possibilities for industrial facilities to be located near the Carabobo and Junin extra-heavy oil upgraders in the Faja.

12: The GBRV and GOJ signed an MOU to study the creation of a \$4 billion investment fund (according to Ambassador Shimokoji, this would be patterned after the Sino-Venezuela Fund).

14. (C) According to Ambassador Shimokoji, President Chavez focused on business during the Tokyo visit. His plane arrived several hours early and upon arrival, he cancelled a press interview scheduled for the evening of April 5, deciding to meet with Japanese executives instead (Note: CEOs from Inpex, Mitsubishi, Marubeni, Itochu, Mitsui were issued invitations by the Venezuelans at 17:30 local time for a 19:30 meeting and all save Mitsubishi's CEO were available and accepted). Mitsubishi's CEO met with Chavez prior to his departure on April 7.

CHAVEZ VISIT DOES WONDERS FOR LABOR DISPUTES

15. (C) Ambassador Shimokoji noted that before Chavez's visit

to Tokyo, the Venezuelan operations of Mitsubishi Motors and Toyota had been paralyzed due to labor problems. Production in the two Japanese auto plants resumed on April 13, several days after Chavez departed Tokyo.

¶6. (C) Ambassador Shimokoji described Chavez's visit as a success. Chavez reportedly impressed Prime Minister Aso with his abundant charisma, and did not push his anti-USG rhetoric. The Ambassador noted with relief that Chavez had not requested an audience with the Imperial family, referring to a 1999 visit in which Chavez had sought to kiss the Empress. The Ambassador claimed that Japan has no current interest in purchasing Venezuelan oil. With current market conditions and structure, such purchases would not make economic sense, but Japan is looking towards the future when the market changes.

COMMENT

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¶7. (C) The Japanese believe that they understand how to do business with Venezuela. First, you publicly sign many MOUs with President Chavez. Then GBRV entities have the political mandate to start negotiations. At that point, the Japanese (who have not yet made any significant investment in the

CARACAS 00000495 003 OF 003

project) believe they can slow negotiations until they receive favorable terms and conditions on the final business deal. As other companies are demonstrating in Venezuela, there are still business opportunities available to those who can navigate the 21st Century Socialist/Bolivarian model.

CAULFIELD